

VZCZCXRO1623  
RR RUEHBC RUEHDA RUEHDE RUEHDH RUEHIHL RUEHKUK  
DE RUEHGB #1134/01 1190721  
ZNR UUUUU ZZH  
R 290721Z APR 09  
FM AMEMBASSY BAGHDAD  
TO RUEHC/SECSTATE WASHDC 2875  
INFO RUCNRAQ/IRAQ COLLECTIVE  
RUCPDOG/DEPT OF COMMERCE WASHDC  
RHEBAAA/USDOE WASHDC  
RUEKJCS/DIA WASHDC

UNCLAS SECTION 01 OF 02 BAGHDAD 001134

SIPDIS

SENSITIVE

DOE FOR GEORGE PERSON; STATE ALSO FOR EEB AND NEA/I

E.O. 12958: N/A

TAGS: [EPET](#) [KCOR](#) [PGOV](#) [KDEM](#) [EINV](#) [SENV](#) [ENRG](#) [IZ](#)

SUBJECT: Extractive Industries Transparency Initiative - Iraq  
Update

¶1. (SBU) Summary: During an April 23 meeting, Iraq's new national coordinator for the Extractive Industries Transparency Initiative (EITI), Ministry of Oil Deputy Inspector General Alaa Mohie El-Deen, said that he was in the process of hiring additional staff to implement preparations for Iraq to become an EITI candidate country. The required steps were to form an EITI stakeholders group and to submit a national work plan. Both he and Oil Minister Shahrastani noted the difficulty of determining suitable NGOs to represent civil society within the stakeholders group. Alaa has received the invitation for the May 12-14 meeting of national coordinators in Washington, and hopes to attend. End summary.

¶2. (SBU) EconOff met April 23 with Ministry of Oil (MoO) Deputy Inspector General Alaa Mohie El-Deen, who recently took over as Extractive Industries Transparency Initiative (EITI) national coordinator from MoO Training Directorate Director General Nihad Moosa. Alaa said the Prime Minister had issued a letter designating the Ministry of Oil Inspector General as the national coordinator, but not appointing him by name. In response to Alaa's question, EconOff offered to verify with the EITI Secretariat that the designation of a national coordinator could be by position, rather than an individual. (Note: Alaa is currently the acting Inspector General, with the likelihood of being appointed to replace his former boss, who was promoted to be the Deputy Oil Minister for upstream operations. His appointment is not a certainty, but Alaa told us that his primary competitor is not likely to be selected, since she is too young and lacks sufficient experience. Originally from Najaf, Alaa returned to Iraq in 2004 after many years of residence in Canada and the U.S. End note.)

¶3. (U) Following the designation of a national coordinator, Alaa noted that Iraq had to take two additional steps to become an EITI candidate country -- to hold a stake-holders' conference and to develop a national plan by the end of 2009. He was trying to employ competent English-speaking staff to implement the EITI program. Alaa expressed eagerness to receive EITI informational material and to have the opportunity to participate in EITI training and orientations. He said that Oil Minister Shahrastani was also very supportive of Iraq's membership in EITI. (Note: Nihad, Alaa's predecessor for EITI, participated in an EITI training program in Berlin, which she commented had been invaluable in solidifying her understanding of EITI's approach. End note.) Alaa also said he had received an invitation to attend a May 12-14 national coordinators' conference in Washington, DC, for which he was seeking Oil Minister Shahrastani's authorization to attend.

¶4. (SBU) Alaa briefly described some of the challenges in forming a tripartite stakeholder group drawn from government, industry, and civil society, as required by EITI principles. From the government side, he planned to invite representatives of the Ministries of Planning and Finance, in addition to the Oil Ministry, and members of Parliament (Council of Representatives, CoR). The state-owned enterprises of the Ministry of Oil would represent industry.

Responding to EconOff's question whether all extractive industries would be represented, Alaa mused that he could also invite the Ministry of Industry and Minerals (MIM). Although Iraq does not have operating mines, MIM has jurisdiction over the sector. With Qhave operating mines, MIM has jurisdiction over the sector. With respect to civil society, however, Alaa noted that the law providing for establishment and registration of NGOs had not yet been passed, so that, strictly speaking, Iraq did not have NGOs. One possible civil society participant could be the Union of Iraqi Lawyers, which was a long-established and well-respected organization. Alaa was dubious about the possibility of including trade unions, which he characterized as mostly "corrupt," in the stakeholder group.

¶5. (U) Alaa readily agreed that representatives of the Kurdistan Regional Government (KRG) should be invited to participate with the central government in the EITI, especially so since the KRG had contracts to produce oil and gas. Alaa noted that the KRG had sent its own delegation to the EITI Global Summit in Doha. He would consult with the chairman of Parliament's Oil and Gas Committee, who is Kurdish, on the best way to extend the invitation.

¶6. (SBU) In an April 2 meeting, Shahrستاني spoke positively about EITI to EMIN Ambassador Wall and mentioned the issue of NGO participation. He said that the MoO had met all internal requirements, but that there was no NGO that focused on oil revenues. He understood, however, that the third party in the stakeholder group was not limited just to NGOs, but could include representatives of media or Parliament. He had suggested that the Parliament's Oil and Gas Committee form an Iraq chapter of an international network of "Parliamentarians against Corruption," based in Canada. He opined that, once formed, the Parliamentary group would provide the necessary representation on the stakeholder group. Shahrستاني remarked that Iraq and Norway were in a race to

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join the only EITI compliant country, Azerbaijan. (Note: Shahrستاني is getting ahead of himself, since Iraq has not even been inscribed as a candidate country. End note.)

Comment  
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¶7. (SBU) The Ministry of Oil loses the training and familiarity with EITI that Nihad Moosa gained, but the designation of the Inspector General, rather than the Director General for training is more logical. If appointed as Inspector General, Alaa is likely to be a committed EITI supporter.  
HILL